



**State Board of Education**


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**CONTACT PERSON**

**NAME:** Gina Lowell  
**PHONE:** 850-245-9245

**MEMORANDUM**

**DATE:** May 15, 2015  
**TO:** District School Superintendents  
**FROM:** Linda Champion   
**SUBJECT:** Qualified Zone Academy Bond Program

The Qualified Zone Academy Bond (QZAB) program has been extended through 2015. Florida received an allocation in the amount of \$25,858,000 for the 2014 calendar year. An unallocated balance of \$582,000 remains for the 2013 calendar year. The 2013 allotments must be issued by December 31, 2015, and the 2014 allotments by December 31, 2016. Should your application be approved, the approval authorizes you to issue bonds under the provisions of this program. The QZAB program is not a new funding source. Listed below is information relevant to the program and application process.

**General Information**

- QZABs are financial instruments that provide a subsidy in the form of tax credits to a bank or other financial institution that holds the QZABs. An approved QZAB program is one in which states or local governments are authorized to issue QZABs for use by a qualified zone academy. Florida will allocate QZAB authority amounts to approved eligible district/Qualified Zone Academy projects, but will not issue QZABs.
- The tax credits and bonding authority are made available by the federal government to support innovative school partnerships; enhance reform initiatives, including augmenting federal education programs; purchase technology and vocational equipment; and develop curricula or provide teacher training to promote market-driven technology. To become eligible, a school must be located in either a federally designated Empowerment Zone, Enterprise Community or have 35 percent or more of its students eligible for free or reduced-price lunch under the National School Lunch Act. In addition, eligible school districts must have an established partnership with a private business.
- The district will determine whether the purposes for which QZABs are issued conform to state law regarding indebtedness; obtain written agreements between a Qualified Zone Academy and one or more local businesses that pledge contributions having a present value of at least 10 percent of the gross proceeds of the QZAB; work with the financial institution to issue the QZABs; and be responsible for repayment of the principal upon maturity. QZABs are considered debts incurred by the district and must be repaid.

Linda Champion  
Deputy Commissioner, Finance and Operations

District School Superintendents

May 15, 2015

Page Two

- School districts shall not use Public Education Capital Outlay or Capital Outlay and Debt Service bond proceeds to pay QZAB debt, but may use district school tax funds for that purpose.
  - If district school tax proceeds under section 1011.71(2), Florida Statutes, (F.S.), are proposed for payment of QZAB debt, these proceeds shall not exceed the Certificates of Participation limit established for district school tax revenues in section 1011.71(2), F.S.
  - The state has not been authorized to issue or guarantee QZAB loans.
- Archived information and links can be found on the Fixed Capital Outlay Office's website at <http://www.fldoe.org/finance/fco/federal-bonds-programs.stml>.
  - The QZAB program provisions vary from year to year. Please contact the district's bond counsel or financial advisor to determine which allotment year best fits the district's needs. The allotment year should be added to the application next to the amount of bond allocation requested on the last page of the QZAB application.

#### Application Procedures and Deadline

Please complete the online application and return it by June 19, 2015, to:

Gina Lowell  
Fixed Capital Outlay Office  
Florida Department of Education  
325 West Gaines Street  
824 Turlington Building  
Tallahassee, Florida 32399-0400

The application form can be downloaded from the Fixed Capital Outlay Office's website at <http://www.fldoe.org/finance/fco/federal-bonds-programs.stml>.

#### Allocation Procedure

The Florida Department of Education will form a committee to review the applications and distribute the bonding authority based on the quality of the proposed programs. Bonding authority will be allocated based on the quality of proposals and criteria developed by the department.

Requests must contain a minimum of \$1 million in projects per district. Please do not request more bonding authority than you can reasonably expect to repay or for which you can qualify through a financial institution.

If you have questions, please call Gina Lowell at 850-245-9245 or Maureen Castaño at 850-245-5109.

LC/gl

cc: District Finance Officers